



**LEGAL, LABOR AND
TAX UPDATES
August 2020**

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A. NEW LEGAL INSTRUMENT

❖ GOVERNMENT

10/08/2020| Decision No. 22/2020/QĐ-TTg on reduction in land rents in accordance with the Government's resolution No. 84/NQ-CP dated 29 May 2020

Accordingly, the entities renting land directly from the Government in form of annual rental payment that must suspend business operations for 15 days and more due to the Covid-19 pandemic will be reduced 15% of land rental in 2020.

This provision does not applied to the outstanding land rental for the years prior to 2020 and late payment interest (if any).

This reduction is also applied to the case where the land lessee operates many different business activities but only suspends one business activity in the land area or lot being leased by the State.

Documents for land rental reduction include:

- Proposal for land rental reduction in 2020 in form at the Appendix attached to the Decision No. 22/2020;
- Decision or Contract on land lease of the competent authority (copy).

(The resolution shall take effect from 10 August 2020)

❖ MINISTRY OF FINANCE

10/07/2020| Circular No. 66/2020/TT-BTC introducing sample regulations on internal audits for corporate use

Specifically, sample regulations on internal audits for corporate use include 04 chapters with the following contents:

Firstly, Chapter I presents general provisions on scope of application, subject of application, objectives of an internal audit, scope of internal audit, code of ethics for internal audit, competencies in performing internal audit engagements, Rights and responsibilities of internal auditors, etc.

Secondly, Chapter II states internal audit activities, including internal audit implementation approach, internal audit plan, internal audit process, reporting of auditing and inspection of implementation of recommendations, etc.

Thirdly, Chapter III regulates responsibilities of parties involved in internal audits, including responsibilities of the Board of Management/Board of Members/Chairperson of the company/Audit Committee (or the subordinate body/department authorized (if any) by the Board of Management/Board of Members/Chairperson of the company)/Control Board (if any)/General Director/Director/management of departments/units within the enterprise.

Finally, Chapter IV specifies implementation provisions.

(This Circular shall take effect from 01 September 2020)

14/08/2020| Circular No. 77/2020/TT-BTC guiding some provisions of Decree No. 81/2020/ND-CP on the issuance of corporate bonds

Specifically, the Ministry of Finance guides 03 contents on issuing corporate bonds, including: Information disclosure of bond issuers; Information disclosure on the corporate bond webpage; reporting by the Stock Exchange, depository and counseling organizations.

Accordingly, the bond issuer shall publish information before the bond issue for the investors registering for bond purchase and send the published information to Hanoi Stock Exchange as prescribed by Clauses 9 and 11, Article 1 of the Decree No. 81/2020/NĐ-CP.

Also, the periodical information disclosure is done by the fiscal year as follows: Within 60 days from the end of the first 6 months of the fiscal year, the enterprise shall make the information disclosure every 6 months; Within 90 days from the end of the fiscal year, the enterprise shall make the annual disclose information.

(This Circular shall take effect from 28 September 2020)

❖ **SOCIAL INSURANCE**

18/08/2020| Decision No. 1040/QĐ-BHXH on the form of Report on employment and list of participants in social insurance, health insurance and unemployment insurance issued by Vietnam Social Insurance

Accordingly, the form of Report on employment and list of participants in social insurance, health insurance and unemployment insurance (D02-LT) will supersede form D02-TS in the Decision 595/QĐ-BHXH dated 14 April 2017.

The employer is responsible for executing the labor declaration form in accordance with the labor law in the Labor Code according to form D02-LT issued under Decision 1040/QĐ-BHXH.

The form preparation is for the entities or enterprises to register; collect in arrears and adjust the payment of social insurance, health insurance, unemployment insurance, occupational accident and disease insurance; issue social insurance books and health insurance cards to the employees and report the employment at their entities.

(This Decision shall take effect from 18 August 2020)

B. OFFICIAL INSTRUCTIONS

✚ OFFICIAL DISPATCH ON LABOR

29/07/2020 | Official Dispatch No. 771 / TLD on exemption of Trade Union dues

Pursuant to the Sixth Conference Resolution of the Executive Committee of the Vietnam General Confederation of Labor (term XII) No. 09 / NQ-BCH dated 06 July 2020 to continue to share difficulties with members affected by the Covid-19 pandemic, the Executive Committee of the Vietnam General Confederation of Labor entered into an agreement as follows:

- Firstly, in terms of the supplement of members who do not have to pay the Trade Union dues: *"For union members whose income is lower than the base salary, they do not have to pay the Trade Union dues during the period of earning the above income level"*.
- Secondly, the exemption from the Trade Union dues due to the impact of the Covid-19 pandemic is only applicable until the end of 31 December 2020.

10/08/2020 | Official Dispatch No. 2533/BHXH-BT regarding the continued temporary suspension of contribution to the pension and death benefit fund which is issued by the Vietnam Social Insurance

The Vietnam Social Insurance guiding the implementation of the continued temporary suspension of contribution to the pension and death benefit fund as follows:

Subjects, conditions and duration of the continued temporary suspension of contribution to the pension and death benefit fund are as follows:

- Employers facing difficulties caused by the Covid-19 pandemic might continue to be entitled to the temporary suspension of payment to the pension and death benefit fund if they are still in a difficult situation. The expiry is the end of December 2020.
- If employers, facing difficulties caused by the Covid-19 pandemic, meet requirements for the first temporary suspension set out in the Official Dispatch No. 1511/LDTBXH-BHXH of Ministry of Labor, Invalids and Social Affairs, it is necessary to comply with the current regulations and and the documents guiding the continued temporary suspension of contribution to the pension and death benefit fund of Vietnam Social Insurance. The expiry is the end of December 2020.

OFFICIAL DISPATCH ON TAXATION

04/08/2020 | Official Dispatch No. 3086 / TCT-CS on the extension of tax payment under Decree No. 41/2020 / ND-CP

The General Department of Taxation guides Da Nang Tax Department on the implementation of Decree No. 41/2020 / ND-CP on the extension of tax and land rents:

1. Tax extension for foreign contractors

If the foreign contractor directly declares and pays tax to the Tax Authority and satisfies the provisions in Article 2 of Decree No. 41/2020 / ND-CP, it is eligible for tax extension according to the Decree. No. 41/2020 / ND-CP of the Government.

If organizations or individuals doing business in Vietnam as the buyers of goods or services withhold and pay tax on behalf of foreign contractor, this tax amount is not subject to tax extension under the Decree. No. 41/2020 / ND-CP of the Government.

2. Corporate income tax (CIT) extension

The CIT liability under the settlement of the tax period of 2019 is extended up to 20% of the total tax liability for the whole year, according to the 2019 settlement.

The provisional amount of CIT for quarter 1 and quarter 2 of the tax period 2020 excludes the CIT for activity of real estate transfer that the enterprise declares and pays tax whenever it is incurred.

3. Land rent extension

In case enterprises, organizations, households and individuals that are directly leased land by the State under Decisions or Contracts of the Competent Authority in the form of annual land rental payment with industry or business sector in the lines of business specified in Article 2 of Decree No. 41/2020 / ND-CP, and have production and business activities generating revenue in 2019 or 2020, they might be subject to the extension under the Decree. No. 41/2020 / ND-CP. If not, they are not eligible for land rent extension.

4. Small and micro business identification

If an entity of a small or micro enterprise is eligible for tax extension, the entity shall declare the number of employees, the average of turnover and the capital source according to the enterprise's data.

5. Submission of applications for extension of tax payment and land rent to the Tax Authority

If the taxpayer detects any error on the application for extension of tax payment and land rent that did submit online to the Tax Authority, the taxpayer shall send a supplement one as well as explain the changed information to the Competent Authority.

CONTACT INFORMATION

For more information, please contact:

Head office

Nguyen Ngoc Thanh (Mr.)
Deputy General Director and Consulting Partner
Email: thanh.nn@a-c.com.vn
Mobile: +84 9 0366 0686
Tel: +84 8 3547 2972 - Ext: 203

Ha Noi Branch

Nguyen Hoang Duc (Mr.)
Deputy General Director
Director of Ha Noi Branch
Email: duc.nh@a-c.com.vn
Mobile: +84 9 1359 2929
Tel: +84 24 3736 7879 - Ext: 456

Nha Trang Branch

Nguyen Van Kien (Mr.)
Deputy General Director
Director of Nha Trang Director
Email: kien.nv@a-c.com.vn
Mobile: +84 94 508 7979
Tel: +84 258 246 5151 - Ext: 202

Can Tho Branch

Nguyen Huu Danh (Mr.)
Director of Can Tho Branch
Email: danh.nh@a-c.com.vn
Mobile: +84 91 815 0488
Tel: +84 71 376 4995 - Ext: 106



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